

Rural Median Household Income Increases

Inflation-adjusted income to the average rural household increased almost 3 percent from 1994 to 1995. Rural median household income is highest in the Northeast and lowest in the South. Rural minorities and female-headed families continue to have very low incomes.

Inflation-adjusted median household income rose 2.9 percent in rural America from 1994 to 1995 to stand at \$27,776 (fig. 1). This, along with a slight increase in the previous year, ended nearly a decade of stagnant or declining income for the average rural household. In urban areas, median income increased 2.4 percent to \$36,079 from 1994 to 1995. The faster income growth in rural areas closed the rural-urban income gap slightly, but rural median household income remains about 23 percent below that of urban areas.

Incomes of Rural Minorities and Rural Women Are Far Below the Rural Average

The median income of rural Black households was \$16,530, just 56.2 percent of the median for rural non-Hispanic White households (table 1). The Black-White gap in rural incomes has closed slowly since 1989, when Black median household income was only 50.6 percent that of non-Hispanic Whites. Rural Hispanic households also have incomes below the rural average, although not as markedly as do Black households. In 1995, median household income of rural Hispanics was \$21,322, which was 72.5 percent of that for non-Hispanic Whites. The rural-urban difference for Hispanic households was much less than that for other race-ethnic groups—only 7.7 percent.

Women living alone or heading families face economic challenges in rural as well as in urban areas. In rural America, median household income for female-headed families was less than half that for two-parent families (46.3 percent). Median income for rural women living alone was \$12,220, about 60 percent that of rural men living alone.

Rural Income Highest in the Northeast, Lowest in the South

Rural households in the Northeast have the highest incomes, followed by the Midwest, the West, and the South (table 1). The South also has the greatest rural-urban difference, with the rural median about 24 percent below the urban median. The regional differences in rural income are substantial even though they have declined in recent years. In 1989, median household income in the rural Northeast was 30.8 percent higher than that in the rural South. This gap declined to 23.1 percent by 1995 as rural income grew more rapidly in the South and less rapidly in the Northeast than it did in the other two regions. [Mark Nord, 202-219-0554 (after October 24, 202-694-5433), marknord@econ.ag.gov]

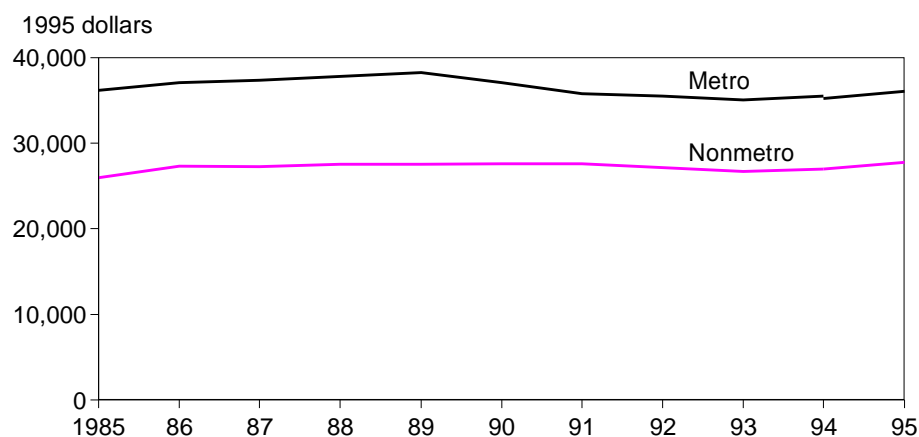
Changes in Metropolitan Classification Affect Income Trends

Trends in nonmetropolitan income statistics can be biased by periodic changes in the metropolitan classification of counties. Changes in metropolitan classification based on the 1990 census were first reflected in the Current Population Survey income statistics in 1994 (see appendix for a description of the Current Population Survey). The Census Bureau published median household income estimates based on both the old and new classifications in 1994 to provide continuity in the data series. As reflected in figure 1, the discontinuities introduced by the reclassification this decade were negligible.

Figure 1

Median household income 1985-95

Income of the average nonmetro household increased nearly 3 percent in 1995, but continued to fall 23 percent below that of the average metro household



Note: Change of metro status of some counties caused a discontinuity in the data in 1994.

Source: Prepared by ERS using data from the Bureau of the Census' Consumer Income P-60 series (1985-95).

Table 1

Median household income in 1995 by residence, region, and selected characteristics

Incomes of rural minorities and rural women are much lower than the rural median

Category	Nonmetro	Metro	Nonmetro-metro gap ¹
	Dollars		Percent
Total	27,776	36,079	23.0
Race/ethnicity:			
White non-Hispanic	29,392	40,342	27.1
Black	16,530	23,348	29.2
Hispanic	21,322	23,090	7.7
Household composition:			
Two-parent family	37,075	51,023	27.3
Female-headed family	17,182	22,478	23.6
Female living alone	12,220	16,974	28.0
Male living alone	20,188	27,433	26.4
Region: ²			
Northeast	30,949	36,919	16.2
Midwest	30,428	38,392	20.7
South	25,125	33,120	24.1
West	28,805	37,359	22.9

¹Percent by which nonmetro income is lower than metro.

²See appendix for description of regions.

Source: Prepared by ERS using data from the March 1996 Current Population Survey.